

Dialysis Services in Andhra Pradesh, India

Full Description

Project Summary:

Background

The Government of Andhra Pradesh was faced with a high demand for dialysis service requests from below poverty line (BPL) patients. However, the existing public facilities had limited capacity to perform such services. Furthermore, the qualified facilities charged around INR 1,200 to 2,000 (USD 17 to 28) per dialysis, which was too high for BPL patients in need of regular dialysis. Under the circumstances, the Government of Andhra Pradesh decided to pursue a PPP to increase its capacity to provide dialysis to low-income patients.

Project Structure

To improve the quality, accessibility, and affordability of dialysis care, especially for BPL patients, the Government of Andhra Pradesh selected B Braun Medical (India) Private Limited to build and operate dialysis centers in 11 tertiary care state-run hospitals. B Braun Medical (India) is a subsidiary of B Braun Melsungen AG, a leading healthcare supplier from Germany. Private operations were to begin in 2010 and last for seven years. After the contract term, the dialysis centers would be transferred to the government.

Under the agreement, the private operator would establish the dialysis centers at an anticipated investment cost of about INR 45 million (USD 630,000). In return, the Government of Andhra Pradesh agreed to pay about INR 1,200 (USD 17) per dialysis treatment, of which INR 1,080 (USD 15) was payable to the private partner and INR 120 (USD 2) was payable to the host hospital.

The Government of Andhra Pradesh also assumed responsibility for mobilizing patients, while the state-run hospitals would be responsible for providing space, an uninterrupted power and water supply, and a clinical nephrologist. The hospitals also assumed clinical liability for the patients, as 90 percent of staff were hired from state-run hospitals to make the project cost-effective. Through this PPP, the population of Andhra Pradesh, including and especially BPL patients, would be able to access dialysis care at no cost through Aarogyasri, a state-sponsored health insurance scheme.

Lessons Learned

Following the end of the contract with B Braun in 2016, the Government of Andhra Pradesh expanded the project to cover 26 hospitals in the state at a lower cost per treatment, about INR 1,000 (USD 14), and selected another private operator, NephroPlus, through a competitive tender. Under the current scheme, the private operator is obliged to follow world-class protocols and undergo regular audits. In 2018, NephroPlus reported having served more than 5,000 patients through the project.

The project benefitted from economies of scale through bundling services for several state-run hospitals under one PPP agreement.¹

Footnote 1: Source(s) http://healthsystemshub.org/uploads/resource_file/attachment/567/PPP_in_health_sector_2-_Muraleedharan.doc.pdf accessed 18 February 2019

<https://www.pwc.in/assets/pdfs/publications/2014/public-private-peoplepartnership-winning-collaboration.pdf> accessed 18 February 2019

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https://www.unecce.org/fileadmin/DAM/ceci/images/ICoE/PPPHealthcareSector_DiscPaper.pdf accessed 18 February 2019

<https://cdn1.sph.harvard.edu/wpcontent/uploads/sites/1578/2013/09/HEPCAPS-PPP-Report-FINAL.pdf> accessed 18 February 2019

<https://www.thehindubusinessline.com/news/nephroplusdialysis-project-inap-a-great-success/article23606669.ece> accessed 18 February 2019

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